

Jeff Daniels Dianne Daniels

(928) 478-0010

1200 West Washington Street

Phoenix, Arizona 85007



173 S. Blackfoot Rd. **Colcord Estates** HC2 BX 164-H Payson, AZ 85541

August 21, 2008

Elijah Abinah

Arizona Corporation Commission DOCKETED

AUG 2 2 2008

DOCKETED BY

Re:

Utility Systems, LLC. dba Gardner Water - Application For A Rate Increase, Docket No. W-20459A-08-0167

Third Letter Of Deficiency

ARIZONA CORPORATION COMMISSION

Mr Abinah,

In response to your third letter of deficiency I have found that bills were counted incorrectly. I have emailed Mr. Eaddy a copy of the Excel spreadsheet that I used to recalculate the bill count. I have also included in this submission bill count worksheets reflecting the corrections.

Below are our answers to questions that are not sufficiency items but information requested by staff.

- Operating and administrative Items used by Gardner Water that are also used for Christopher Creek Haven are as follows:
 - Office furniture; a desk and chair, an adding machine, a phone and a computer printer.
 - 2006 Dodge pickup

The basis for allocating costs are 50/50 between the two entities because they are mostly used equally for each.

- Your request for explanation of allocated expenses between the two entities of Gardner Water and Christopher Creek Haven are as follows. Where multiple expenses were made for the same purpose a description of the entire account is provided. Expenses are allocated between each entity based on customer ratio (65/35 %) or equally (50/50 %). As per our conversation I will limit this list to expenses of \$150 or more.
 - All account 601 Salaries and Wages are divided 65/35 %

- Under account 620 Repairs and Maintenance there was only one expense
 allocated for a kerosene Heater, tubing and hoses to be used to thaw frozen water
 lines. The total Expense was \$393.86. It was split 50/50 % and each entity paid
 \$196.93. The receipt from Home Depot is included in this submission and was
 previously submitted appropriately.
- Under account 630 Outside Services there were two partial payments made to
 Dudley and Holoman for Tax Accounting services. The total expense was for
 \$1900 split 50/50 % between the two entities. Two payments were made, one for
 \$500 and one for \$450. The receipt for this expense was previously submitted
 appropriately.
- Under account 657 General Liability: Auto Insurance Expense a reimbursement payment was made to Jeff and Dianne Daniels for a total of \$1100. This was split 50/50 % for \$550 each. The insurance policy is in our personal account to save on expenses.
- Under account 675 Miscellaneous Expense there were two expenses made to Jeff and Dianne Daniels for reimbursement of expenses. One for a total of \$318.40 for internet fees, split 50/50% charging each entity \$159.20. The other for \$400 in telephone expenses for the second business line and long distance. Invoices for the reimbursements are included with this submission.
- All expenses under account 408.2 Sales tax payment were allocated on a customer base 65/35 % ratio. Sales tax is dependent on number of customers and customer usage therefore we split it accordingly.
- Two of the sub account expenses under account 427 Interest Expense were allocated on a 50/50 % basis. These are for payment of loans used equally between the two entities. The third expense to Pioneer Title Lendzion GWC is explained below.
- The Outside Service Expense and Interest Expense for Pioneer Title Lendzion GWC is the loan service fee charged by Pioneer Title for the loan used to purchase Gardner Water. This loan is held by the previous owner Gerald Lendzion.
- The 2006 Dodge is used completely for business. We have another vehicle for personal
 use. Additionally, with the price of fuel and poor gas mileage of a full sized truck we
 occasionally use our personal vehicle for business.
- There were only 2 invoices for account 675 Miscellaneous expense in excess of \$150.
 These were for reimbursement of internet access fees and telephone expenses used for business.

Thank You,

Jeff Daniels

Company Name: Utility Systems, UC/Goodner Water	Test Year Ended: Dec. 31, 2007	
Meter Size: 5/8/1/4/4	1st Quarter Ended: Mac. 31, 2007	

BILL COUNT WORKSHEET 1ST QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 1st QUARTER
- 0 -	121	121
1 to 1,000	95	95
1,001 to 2,000	19	19
2,001 to 3,000	11	
3,001 to 4,000	12	13
4,001 to 5,000	3	3
5,001 to 6,000	à	Ž
6,001 to 7,000	a	Ž
7,001 to 8,000	1	1
8,001 to 9,000		1
9,001 to 10,000	\Diamond	Ö
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12,001 to 14,000		
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16,001 to 18,000	0	0
18,001 to 20,000	0	0
20,001 to 25,000	1	1
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60,001 to 70,000	0	0
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Over 100,000		
(List actual gallons, e.g., 120,000)	0	
Total Bills	27/	271

Company Name: Drility Systems ALL/Gardeer Whitel	Test Year Ended: Dec. 31, 2007
Meter Size: 98" x 3/4"	2nd Quarter Ended: June 30, 2007

BILL COUNT WORKSHEET 2ND QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 2 nd QUARTER
-0-	.57	57
1 to 1,000	105	105
1,001 to 2,000	32	32
2,001 to 3,000	19	19
3,001 to 4,000	11	11
4,001 to 5,000	12	12
5,001 to 6,000	5	5
6,001 to 7,000	5	5
7,001 to 8,000	6	6
8,001 to 9,000	3	3
9,001 to 10,000	3	3
10,001 to 12,000	a	2
12,001 to 14,000	5	5
14,001 to 16,000	3	3
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60,001 to 70,000	0	0
70,001 to 80,000	0	0
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90,001 to 100,000	0	Ō
Over 100,000 (List actual gallons, e.g., 120,000)	0	٥
Total Bills	272	272

Company Name: Utility Systems, LUG Entre Water	Test Year Ended: ec. 31,2007
Meter Size: 5/8 11 x 3/411	3rd Quarter Ended: Sept. 30, 2007

BILL COUNT WORKSHEET 3RD QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 3 rd QUARTER
-0-	42	42
1 to 1,000	91	91
1,001 to 2,000	45	45
2,001 to 3,000	24	24
3,001 to 4,000	19	19
4,001 to 5,000	16	16
5,001 to 6,000	9	9
6,001 to 7,000	7	7
7,001 to 8,000	3	3
8,001 to 9,000	4	.4
9,001 to 10,000	3	3
10,001 to 12,000	3	3
12,001 to 14,000		-
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16,001 to 18,000	0	0
18,001 to 20,000	0	0
20,001 to 25,000	0	0
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50,001 to 60,000	O	0
60,001 to 70,000	0	0
70,001 to 80,000	0	Ō
80,001 to 90,000	0	Ŏ
90,001 to 100,000	0	٥
Over 100,000		
(List actual gallons, e.g., 120,000)	0	0
Total Bills	268	268

Company Name:	Hility Systems LLC/Gardner Water	Test Year Ended: Dec.31	,2007
Meter Size:	5/8" X 3/4	4th Quarter Ended: Dec.3	1 2007

BILL COUNT WORKSHEET 4TH QUARTER

GALLONAGE RANGE	NUMBER OF BILLS	TOTAL BILLS FOR 4th QUARTER
-0-	93	93
1 to 1,000	104	104
1,001 to 2,000	34	34
2,001 to 3,000	18	18
3,001 to 4,000	8	8
4,001 to 5,000	7	7
5,001 to 6,000	3	3
6,001 to 7,000	ā	a a
7,001 to 8,000	Ô	0
8,001 to 9,000	0	0
9,001 to 10,000	9	0
10,001 to 12,000	1	1
12,001 to 14,000	0	O
14,001 to 16,000	<u>^</u>	0
16,001 to 18,000	0	0
18,001 to 20,000	O	0
20,001 to 25,000	0	0
25,001 to 30,000	0	0
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60,001 to 70,000	O	0
70,001 to 80,000	0	0
80,001 to 90,000	Ŏ	
90,001 to 100,000	0	
Over 100,000		
(List actual gallons, e.g., 120,000)	0	
Total Bills	270	270

Company Name: Utily Systems, LLC/Gerdner Water Test Year Ended: Dec. 31, 2007

Meter Size: 5/8" x 3/4"

BILL COUNT SUMMARY

	1 st Qtr	2 nd Qtr	3 rd Qtr	4th Qtr	Total
- 0 -	121	<i>5</i> 7	42	93	313
1 to 1,000	95	105	91	104	395
1,001 to 2,000	19	32	45	34	130
2,001 to 3,000	1]	19	24	18	72
3,001 to 4,000	13	11	19	8	51
4,001 to 5,000	3	12	16	7	38
5,001 to 6,000	a	5	9	3	19
6,001 to 7,000	2	5	7	ã	16
7,001 to 8,000	l	6	3	O	10
8,001 to 9,000		3	4	0	8
9,001 to 10,000	0	3	3	0	6
10,001 to 12,000		а	3	1	7
12,001 to 14,000	1	5		0	7
14,001 to 16,000	0	23	Ó	0	3
16,001 to 18,000	0	0	0	0	0
18,001 to 20,000	0	0	0	0	0
20,001 to 25,000	j	a	0	0	3
25,001 to 30,000	0		0	٥	
30,001 to 35,000	0	٥	0	0	0
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60,001 to 70,000	0	O	O	0	0
70,001 to 80,000	0	O	0	0	0
80,001 to 90,000	Ō	0	Ö	0	0
90,001 to 100,000	O	0	0	0	0
Over 100,000					
(List actual gallons, e.g., 120,000)	0	٥	0	0	0
Total Bills	271	272	268	270	1081

JEFF DANIELS HC2 BOX 164-H PAYSON, AZ 85541 (928) 478-0010

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BILL TO: Util	ita System		DATE:	1-15-07
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JEFF DANIELS

HC2 BOX 164-H PAYSON, AZ 85541 (928) 478-0010

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Farts For Waterline Defrece Machine

THE HOME DEPOT 0422 2000 NORTH BEELINE HWY PAYSON, AZ 85541 (928)468-0339

SALE

0422 00013 72895 01/29/07 41 TFT91J 01:10 PM



013158389996 MICROTUBE <a>	
295.97	11.94
030192083307 5GALLON KERO <a>	33.97
4710614160019 150FT HOSE <a>	
2929.00	58.00
685768236375 1/4RFCPTB50' <a>	
39 34.92	104.76
046878582712 BRSSH0FFCPLG <a>	3 91
013158800002 BARB <a>	4 96
048643070363 1/4COMPUNION <a>	
402.43	9.72
048643070455 1/4X1/2CCNCT <a>	3.50
048643071926 ADAPTER <a>	3.16
032888050037 1/2 STOP VLV <a>	4.35
013204202309 KEROS HRT <a>	124.00
SUBTOTAL	362.27
SALES TAX	31.59
TOTAL	\$393.86
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX	393.86
AUTH CODE 061215/7130024	TA

0422 13 72895 01/29/2007 8422

RETURN POLICY DEFINITIONS
POLICY ID DAYS POLICY EXPIRES ON 90 04/29/2007 1

THE HOME DEPOT RESERVES THE RIGHT TO LIMIT / DENY RETURNS. PLEASE SEE THE RETURN POLICY SIGN IN STORES FOR DETAILS.

NOW HIRING SPRING SEASON ASSOCIATES PT/FT APPLY TODAY IN-STORE OR ON-LINE AT: STORECAREERS.HOMEDEPOT.COM/HOURLY